Indiana State Financial Aid Agreed Upon Procedures Engagement Q&A

Q: What is the first period to be reviewed?

A: The requirement is 7/1/2017 forward. This means that any financial transaction relating to state financial aid that occurs on or after 7/1/2017 will be subject to an Agreed Upon Procedures Engagement (AUP) performed in accordance with Professional Attestation Standard No. 215. At a minimum, this AUP engagement must occur biennially; however, if a financial statement audit is received annually, the State Financial Aid AUP engagement can be performed annually as well.

Q: The July 3, 2017 memo states that we are required to have an annual financial and compliance audit performed. What does this mean?

A: All financial transactions that have occurred during the fiscal year that are related to state financial aid must be included as part of an AUP engagement performed annually or the AUP engagement can be performed biennially and combine two years' worth of transactions. "Annual audit" just means that every year's worth of information must be covered.

Q: When are our AUP reports due?

A: AUP reports are due (at least) within 12 months after the end of the fiscal year reviewed.

June 30th FYE Examples:

- Example 1: Your institution's fiscal year end is June 30. Your financial statement audit and the State financial aid AUP were performed simultaneously. The State financial aid AUP report for fiscal year 2018 is due by June 30, 2019. Subsequent reports are then due annually by June 30th.
- Example 2: Your institution's fiscal year end is June 30. The State financial aid AUP was performed separately from the financial statement audit and includes two years' worth of data, or you have a biennial financial statement audit. AUP reports with periods from July 1, 2017 through June 30, 2019 are due by June 30, 2020. Subsequent reports are then due on June 30th of even years.

September 30th FYE Examples:

- Example 3: Same as example 1 above, except reports are due by September 30, 2019.
- Example 4: Same as example 2 above, except reports are due by September 30, 2020.

Q: Can you provide me an example of an AUP report?

A: The AICPA provides examples of AUP reports.

https://dnr.mo.gov/env/swmp/docs/finalauditreportS.pdf

https://www2.ed.gov/about/offices/list/oig/auditreports/a17e0012.doc

Q: What information will be reviewed?

A: We are verifying the accuracy of the data submitted by the institution and actions taken by users at the institution in the Commission's financial aid software system, ScholarTrack. Information that we receive from the institution for each student, along with information from the FAFSA, is used to create/renew the state financial aid awards. There are requirements for each award which must be met in order for an institution to claim these awards and provide them to the students.

The Financial Aid Manual should be utilized to determine whether or not institutions are following award requirements, but at a minimum, The Agreed Upon Procedures must include verifying the information below, which should be done in three separate pools:

Pool 1:

- Students with claimed award offers meet the enrollment requirements for the academic term claimed. This includes any exceptions to the enrollment requirements for summer term and final term of the student's degree program
- Claims on award offers do not exceed eligible charges for the academic term claimed
- Hours deducted on CVO and WRG claims are accurate for the academic term claimed
- Enrollment status on NGSG and WRG claims are accurate for the academic term claimed
- For Workforce Ready Grant, the reported Certificate Program is accurate
- For Minority Teacher Scholarship and the teaching stipends, students met the eligibility requirements for these programs if approved by the institution
- Overridden edits are valid
    - Edit 03 is only overridden if the student had previously used state financial aid, had not yet earned a bachelor's degree, and was currently enrolled in a graduate or professional degree program
    - Edit 11 is only overridden if the institution has supporting documentation that the student is a U.S. citizen or eligible noncitizen
    - Edit 17 is only overridden if the institution has supporting documentation that the loan default or grant overpayment causing the edit has been resolved
    - Edit 22 is only overridden if the institution has supporting documentation that the student and the student's parent(s) answered the residency questions on the FAFSA accurately, including state of residence and date of residency
    - Edit 28 is only overridden if the institution has supporting documentation that the student was or currently is in a legal guardianship or was or currently is an emancipated minor
- The Associate Degree flag is only reported if the institution has supporting documentation that the student earned an associate degree before enrolling in a bachelor's degree program

*ScholarTrack report to use: **Excel Award Reconciliation Report***

- Sample size (per award type):
    - 3% (three percent) of the population (per award type)
    - If the 3% brings back a sample size of 0, choose a sample size of 1

Pool 2:

- Reported Credit Completion transactions are accurate

*ScholarTrack report to use: **Report Credit Completion Request File***

- Sample size:
    - 1% (one percent) of the population
    - The sample must include one term of credit completion information per student

Pool 3:

- Reported Credit Bank transactions are accurate

*ScholarTrack report to use: **Report Credit Bank Request File***

- Sample size:
    - 1% (one percent) of the population
    - The sample must include complete AP and IB hours and/or credit hours earned before high school graduation per student

Q: How do we know we are following all of the requirements?

A: We have provided all of the institutions the Financial Aid Manual which includes the Claims and Refunds Policy. There are different requirements for each state financial aid award that must be followed, which is why we created the manual. The manual as well as the specific statutes to each award (which are also referenced in the manual) will provide you with all of the necessary requirements).

Q: How will our auditors get access to information from CHE to compare with our information?

A: The College Admin users at each institution can assign access to their auditors in ScholarTrack. ScholarTrack is set up for the auditors to be able to log in and pull a report of all transactions from the period under review. Any issues may be reported in a separate document.